

# Turkcell

**BUY**

## Review of 4Q25 Financials

**Upside Potential 54%**

### Actual vs Estimates

**No surprise on the bottom-line.** Turkcell reported 4Q25 net income of TL3.59bn, in-line with the market estimate (İs Investment: TL3.09bn; market: TL3.75bn), implying 63% YoY growth. The bottom-line growth was driven by i) solid EBIT growth (36% YoY), ii) lower fx losses, iii) decrease in monetary losses and, iv) improved results from equity-accounted investees (TOGG), despite the drag from despite increased tax expense due to the removal of inflationary accounting from 2025 full year statutory financials.

### Highlights of the Quarter

**Operational performance remain solid thanks to sustained real ARPU growth expanding subscriber base and strong techfin business.** Consolidated revenues grew 6% YoY in real terms to TL62.3bn, perfectly in line with expectations. Blended mobile ARPU rose 5.4% YoY in real terms, supported by targeted price adjustments, effective upselling, and a larger postpaid base (+905k QoQ). The prepaid base, however, declined 822k QoQ due to e-SIM adoption and migration to postpaid tariffs. Fiber ARPU grew 10.3% YoY in real terms with 52k net adds, driven by higher-speed package uptake and a greater share of 12M contracted customers. Digital business services and techfin segments continued to perform strongly, up 30% and 12% YoY, respectively. 4Q25 EBITDA beat the market call by 7% and came in at TL25.9bn (+12% YoY), with a 41.5% margin. The YoY margin improvement of 2.1ppt was mainly thanks to lower employee and energy expenses partially compensated by higher mobile finance and radio expenses as a percentage of revenue.

**Leverage remains low.** Net debt slightly rose to TL14.9bn as of 2025YE (2024YE: TL14.0bn), corresponding to a 0.14x Net Debt/EBITDA ratio. Total cash position is sufficient to cover 5G license payments and debt service in the coming c.2 years. The company closed the quarter with a short FX position of USD957mn. The management have set medium-term net FX target range between minus US\$1.5 billion and plus US\$1.5 billion, considering hedging costs and relatively stable fx movement in the market.

### Impact on Valuation & Outlook

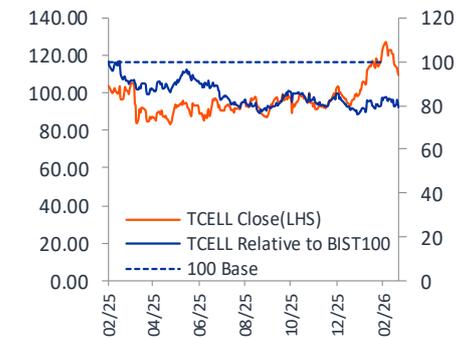
**2026 Guidance:** For 2026, Turkcell aims to deliver 5–7% revenue growth, an EBITDA margin in the range of 40–42% (vs. 43% in 2024), and an operational capex-to-sales ratio of around 25% (excluding license fees and vs. 22.6% in 2025), assuming 23% annual inflation. The slightly lower EBITDA margin guidance compared to last year reflects relatively less supportive environment for energy prices and personnel costs, as well as higher marketing and sales expenses related to the expected 5G rollout in 2026.

Stock Data	TL
Price	109.70
Target Price*	169.34
Prev.TP	169.34
Mcap (mn)	241,340
Float Mcap (mn)	104,404
Avg.Daily Volume (3M, mn)	2699.1
No. of Shares Outstanding (mn)	2,200
Free Float (%)	43
Foreign Share (%)	75

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-3.4	17.8	9.3
US\$	-4.4	15.0	-9.5
Rel.to BIST-100	0.7	1.5	-14.9

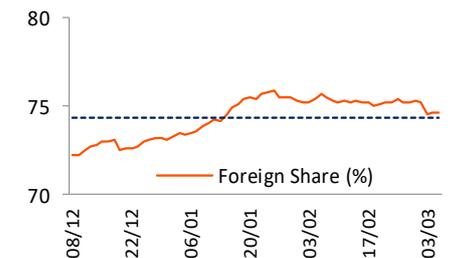
Multiples (\$)	2025	2026	2027
P/E	13.5	14.2	12.8
P/BV	0.9	1.1	0.9
EV/EBITDA	2.8	2.9	2.7

### Price / Relative Price



3M Range (Close TL)	93.10	127.50
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Foreign Share (%)	Cur.(%) :	74.62
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On the capex side, Turkcell will continue to invest in its core businesses, while allocations to strategic areas such as data centers and renewable energy have increased (excluding strategic investments capex guidance is at 20% vs. 19% in 2025). The Company expect data center&cloud revenues to increase 18%-20% in 2026. Revenue and EBITDA guidance is aligned with our estimates while capex intensity target is tad higher.

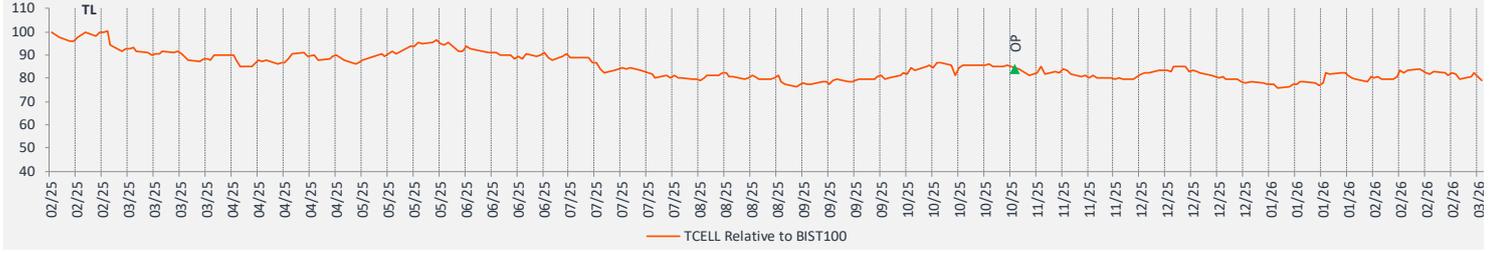
**Comment:** We expect a slightly positive market reaction, supported by the company's robust operational performance. Following the 2026 guidance, we raise our 12-month target price for TCELL to TL169.3/share. We continue to favor Turkcell given its premium positioning in core businesses, the scaling DC & Cloud segment supported by the Google Cloud partnership, and its healthy balance sheet. The stock currently trades at 2.9x 2026E EV/EBITDA.

	IAS29										
	TL mn	12 Month Period			Quarterly					Cons. 4Q25E	IS Inv. 4Q25E
		2025	2024	YoY Δ	4Q25	4Q24	YoY Δ	3Q25	QoQ Δ		
<b>Revenues</b>	<b>241,471</b>	<b>218,160</b>	<b>11%</b>	<b>62,326</b>	<b>58,763</b>	<b>6%</b>	<b>57,950</b>	<b>8%</b>	<b>62,110</b>	<b>62,111</b>	
<b>Gross Profit</b>	<b>68,346</b>	<b>53,834</b>	<b>27%</b>	<b>17,770</b>	<b>14,951</b>	<b>19%</b>	<b>18,173</b>	<b>-2%</b>			
<i>Gross Margin</i>	<i>28.3%</i>	<i>24.7%</i>	<i>3.6ppt</i>	<i>28.5%</i>	<i>25.4%</i>	<i>3.1ppt</i>	<i>31.4%</i>	<i>-2.8ppt</i>			
<b>Op-ex</b>	<b>-26,829</b>	<b>-23,389</b>	<b>15%</b>	<b>-7,684</b>	<b>-7,558</b>	<b>2%</b>	<b>-6,979</b>	<b>10%</b>			
<i>Op-ex/Sales</i>	<i>-11.1%</i>	<i>-10.7%</i>	<i>-0.4ppt</i>	<i>-12.3%</i>	<i>-12.9%</i>	<i>0.5ppt</i>	<i>-12.0%</i>	<i>0.0ppt</i>			
<b>EBIT</b>	<b>41,517</b>	<b>30,446</b>	<b>36%</b>	<b>10,087</b>	<b>7,393</b>	<b>36%</b>	<b>11,195</b>	<b>-10%</b>			
<b>EBITDA*</b>	<b>104,017</b>	<b>91,366</b>	<b>14%</b>	<b>25,888</b>	<b>23,164</b>	<b>12%</b>	<b>25,444</b>	<b>2%</b>	<b>24,496</b>	<b>25,153</b>	
<i>EBITDA Margin</i>	<i>43.1%</i>	<i>41.9%</i>	<i>1.2ppt</i>	<i>41.5%</i>	<i>39.4%</i>	<i>2.1ppt</i>	<i>43.9%</i>	<i>-2.4ppt</i>	<i>39.4%</i>	<i>40.5%</i>	
<b>Financial Inc. (Exp.), net</b>	<b>-49,182</b>	<b>-32,750</b>	<b>50%</b>	<b>-8,564</b>	<b>-3,844</b>	<b>123%</b>	<b>-8,561</b>	<b>0%</b>			
<b>Monetary Gain/Loss</b>	<b>1,598</b>	<b>7,658</b>	<b>-79%</b>	<b>-98</b>	<b>-638</b>	<b>-85%</b>	<b>-371</b>	<b>-74%</b>			
<b>PBT</b>	<b>31,190</b>	<b>20,881</b>	<b>49%</b>	<b>8,167</b>	<b>4,470</b>	<b>83%</b>	<b>8,425</b>	<b>-3%</b>			
<i>PBT Margin</i>	<i>12.9%</i>	<i>9.6%</i>	<i>3.3ppt</i>	<i>13.1%</i>	<i>7.6%</i>	<i>5.5ppt</i>	<i>14.5%</i>	<i>-1.4ppt</i>			
<b>Tax Inc./Exp.</b>	<b>-13,399</b>	<b>-6,369</b>	<b>110%</b>	<b>-4,581</b>	<b>-1,251</b>	<b>266%</b>	<b>-2,807</b>	<b>63%</b>			
<b>Net Income</b>	<b>17,604</b>	<b>30,790</b>	<b>-43%</b>	<b>3,594</b>	<b>2,199</b>	<b>63%</b>	<b>5,633</b>	<b>-36%</b>	<b>3,752</b>	<b>3,085</b>	
<i>Net Margin</i>	<i>7.3%</i>	<i>14.1%</i>	<i>-6.8ppt</i>	<i>5.8%</i>	<i>3.7%</i>	<i>2.0ppt</i>	<i>9.7%</i>	<i>-4.0ppt</i>	<i>6.0%</i>	<i>5.0%</i>	

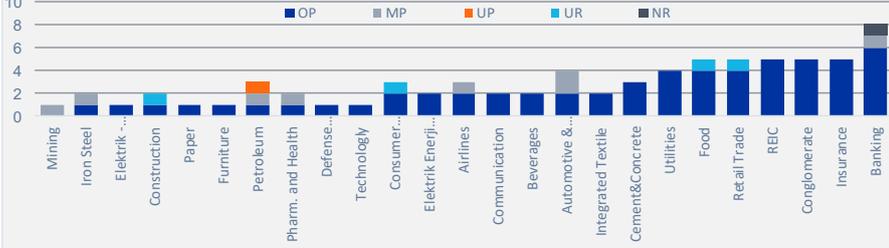
\* Company defined EBITDA

Turkcell

Relative to BIST 100 / Recommendations



Number of Companies



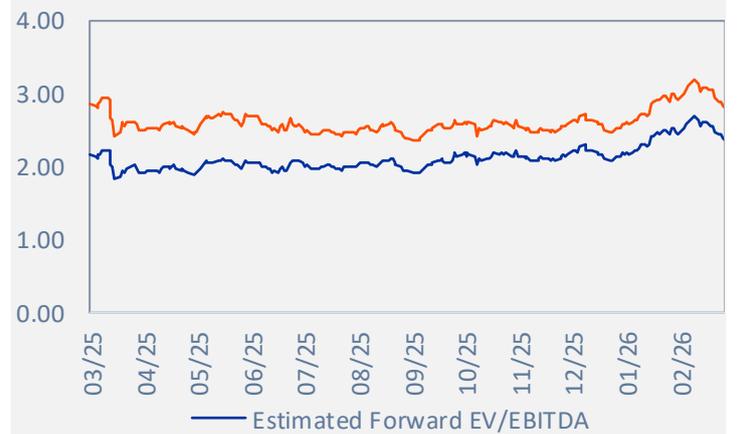
Rec. Breakdown for Coverage



Estimated Forward P/E & 12M Trailing P/E



Estimated Forward EV/EBITDA & 12M Trailing EV/EBITDA



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